

PROPERTY TAX APPEAL BOARD'S DECISION

APPELLANT: V.I.P. Apartments
DOCKET NO.: 04-23467.001-C-1 through 04-23467.007-C-1
PARCEL NO.: See below.

The parties of record before the Property Tax Appeal Board are V.I.P. Apartments, the appellant, by attorney Thomas Battista of Rock, Fusco & Associates, LLC, Chicago, and the Cook County Board of Review.

The subject property consists of a 763,890 square foot parcel improved with six, 32-year-old three-story style multi-family dwellings of masonry construction. There are a total of 366 apartments in the complex, made up of 294 one-bedroom, one-bath units and 72 two-bedroom, one and one-half bath units. The subject improvements contain 324,000 square feet of building area with a 2.23:1 land to building ratio. Amenities include a swimming pool, paved parking and laundry facilities. The complex is located in Wheeling Township, Cook County.

The appellant, through counsel, submitted evidence that the subject's fair market value is not accurately reflected in its assessment. In support of the market value argument, the appellant submitted an appraisal authored by John Stephen O'Dwyer of JSO Valuation Group, Limited, Evanston. The report indicates O'Dwyer a State of Illinois certified general appraiser and has a Member of the Appraisal (MAI) designation. The report also detailed O'Dwyer's education and experience as an appraiser. The appraiser indicated the subject has an estimated fee simple market value of \$11,000,000 as of January 1, 2004.

A land value was determined utilizing the sales of four parcels located in the subject's general area. The comparable parcels
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Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds a reduction in the assessment of the property as established by the Cook County Board of Review is warranted. The correct assessed valuation of the property is:

DOCKET NO.	PARCEL NO.	LAND	IMPR.	TOTAL
04-23467.001-C-1	03-16-200-011-0000	\$ 56,644	\$411,000	\$467,644
04-23467.002-C-1	03-16-200-012-0000	\$ 56,644	\$ 2,162	\$ 58,806
04-23467.003-C-1	03-16-200-013-0000	\$ 73,413	\$395,000	\$468,413
04-23467.004-C-1	03-16-200-037-0000	\$122,327	\$360,000	\$482,327
04-23467.005-C-1	03-16-200-038-0000	\$121,693	\$390,000	\$511,693
04-23467.006-C-1	03-16-200-039-0000	\$123,833	\$360,000	\$483,833
04-23467.007-C-1	03-16-200-040-0000	\$130,573	\$256,711	\$387,284

Subject only to the State multiplier as applicable.

ranged in size from 187,308 to 769,860 square feet of land area and the sales occurred in September and November 2003 for prices ranging from \$600,000 to \$2,662,500 or from \$2.17 to \$4.00 per square foot of land area. The comparable sales were adjusted for size, location, utility, zoning, and other unique characteristics. Based on the adjusted sales, the appraiser estimated the subject's land value to be \$3.50 per square foot of land area or \$2,640,000, rounded. The appraiser estimated a replacement cost new for the improvement and site improvements based on the *Marshall and Swift Cost Manual*. From this data the appraiser estimated a total replacement cost including site improvements of \$19,750,445, or \$53,963 per square foot of building area. Total depreciation from all causes was estimated to be 58%, or \$11,464,418, thus the estimated depreciated value of the building and site improvements concluded by the appraiser is \$8,285,697. Adding the estimated land value to the depreciated value of the improvements indicated a total value for the subject of \$10,900,000, rounded, or \$29,852 per living unit.

The second approach addressed by the appraiser was the income approach to value. The appraiser utilized four rent comparables located in market areas similar to the subject's market area. The comparables are multi-family apartment complexes containing from 264 to 402 one and two bedroom apartments. Rents within the comparables ranged from \$709 for a 686 square foot one-bedroom to \$1,085 for a 1,000 square foot two-bedroom apartment. After analysis of the comparables, their locations, amenities and other data, the appraiser concluded a stabilized potential gross income (PGI) for the subject of \$3,466,800. Vacancy and collection loss of 10% of the PGI was deducted resulting in an effective gross income (EGI) of \$3,120,120. Next operating expenses were estimated to be \$1,516,540 based on market data as well as the subject's historical expense record. The deduction of the estimated expenses resulted in an estimated stabilized net operating income (NOI) of \$1,603,580.

The NOI was then capitalized. Employing the band of investment technique the appraiser estimated a 9.0% capitalization factor. A factor of 5.56% as an effective tax rate was added to the capitalization rate resulting in a total capitalization rate of 14.56%, which was applied to the NOI to estimate a market value for the subject through the income approach of \$11,000,000, rounded, or \$30,097 per living unit.

Next, the appraiser employed the sales comparison approach to value utilizing the sales of six apartment complexes located in market areas similar to the subject's market area built from 1931 to 1974. The comparables consist of parcels ranging from 15,625 to 547,114 square feet of land area and from 13,000 to 200,688 square feet of building area. The comparables contained from 20 to 216 living units and were sold from February 2000 to January

2003. The sales ranged in price from \$420,000 to \$7,985,517, or from \$24.71 to \$62.25 per square foot of building area. After appropriate adjustments to the comparables, the appraiser estimated a value for the subject of \$30,000 per square living unit of building area, or \$11,000,000, rounded.

Relying primarily on the sales comparison approach with supporting consideration from the income approach and support from the cost approach, the appraiser's final estimate of value was \$11,000,000 for the subject as of January 1, 2004.

The board of review submitted its "Board of Review Notes on Appeal" wherein the subject's final assessment of \$3,164,912 was disclosed. The subject's final assessment reflects a fair market value of \$12,172,738, when the Cook County Real Property Assessment Classification Ordinance level of assessments of 26% for Class 3 properties such as the subject is applied. In support, the board of review offered a memorandum indicating the sales of seven properties supports the current assessment. CoStar Comps' sale summary sheets for the seven comparables were proffered with the memorandum. The sale properties were built from 1967 to 1988; range in building size from 277,195 to 673,000 square feet of building area; in land size from 566,280 to 1,524,600 square feet; and contain from 252 to 692 apartments. These properties were sold from September 2003 to December 2004 for prices ranging from \$19,475,000 to \$58,100,000 or from \$53,468 to \$96,014 per living unit. The record further revealed the board's comparable one and two are the same property and the two sales occurred on the same day; and the board's comparable number five was sold for condominium conversion. Based on the foregoing, the board of review requested confirmation of the subject's assessment.

After hearing reviewing the record and considering the evidence, the Property Tax Appeal Board finds it has jurisdiction over the parties and the subject matter of this appeal. The issue before the Property Tax Appeal Board is the subject's fair market value. Next, when overvaluation is claimed the appellant has the burden of proving the value of the property by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002); Winnebago County Board of Review v. Property Tax Appeal Board, 313 Ill.App.3d 179, 728 N.E.2d 1256 (2nd Dist. 2000). Proof of market value may consist of an appraisal, a recent arm's length sale of the subject property, recent sales of comparable properties, or recent construction costs of the subject property. Section 1910.65 *The Official Rules of the Property Tax Appeal Board* (86 Ill.Adm.Code §1910.65(c)). Having heard the testimony and considered the evidence, the Board concludes that the appellant has satisfied this burden.

The Property Tax Appeal Board places substantial weight on the appellant's appraisal utilizing the three traditional approaches to value. In the cost approach to value, a nationally recognized cost manual was employed to determine a logical and well supported conclusion of value. The income approach, the Board finds, was particularly well presented and explained. Each step was thorough and supported by both the appraiser's market research and the subject's history. Furthermore, the Board finds, in the sales comparison approach each sale was described and appropriate adjustments were made in comparison to the subject. The approach to value contained credible data and a concluded an estimate of value based on a well reasoned analysis of the data. The Board finds that the appraiser's final conclusion to value was well reasoned and aligned with the conclusions reached in all the approaches to value.

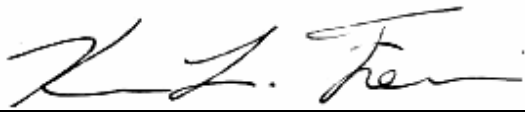
In contrast, the board of review presented only raw sales data without adjustments or analysis of the comparables and their comparability to the subject. The Board finds the board of review's presentation of seven sales without any meaningful analysis merely anecdotal. Therefore, the Property Tax Appeal Board places much diminished weight on the board of review's evidence. As a result of this analysis, the Property Tax Appeal Board finds the appellant has adequately demonstrated that the subject is overvalued by a preponderance of the evidence.

Based on the foregoing analysis, the Property Tax Appeal Board finds the subject property had a market value of \$11,000,000, as of January 1, 2004. Since the fair market value of the subject has been established, the Board finds that the Cook County Real Property Assessment Classification Ordinance level of assessments of 26% for Class 3 properties such as the subject shall apply and a reduction is accordingly warranted.


This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.



Chairman



Member



Member



Member



Member

DISSENTING: _____

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: April 25, 2008



Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing

complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.